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TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

SEP 14 2006

T:EP:RA:T:A2

In re:

League =

This letter constitutes notice that pursuant to your request, a waiver of the minimum funding standard for the Plan for the plan year ending December 31, , has been granted subject to the condition that the League makes the required quarterly contributions to the Plan and meets the minimum funding standard for the Plan for each plan year that the Plan is subject to a waiver of the minimum funding standard, without applying for a waiver of the minimum funding standard, beginning with the plan year ending December 31,

Your authorized representative agreed to this condition in a letter sent via facsimile dated September 13, . If the condition is not met, the waiver for the plan year ending December 31, , is retroactively null and void.

The conditional waiver has been granted in accordance with section 412(d) of the Internal Revenue Code ("Code") and section 303 of the Employee Retirement Income Security Act of 1974 ("ERISA"). The amount for which this conditional waiver has been granted is the contribution that would otherwise be required to reduce the balance in the funding standard account to zero as of December 31,

The League is a not-for-profit corporation which (a) develops and promotes standards to improve child welfare practices that make life better for troubled children, youths, and their families, (b) formulates and advocates public policies that benefit all children, (c) meets the needs of children and families by strengthening membership of affiliated agencies and individuals, and (d) strives to ensure sensitivity to the cultural and ethnic diversity of the people who participate in its programs, services, and activities. The League accomplishes these objectives through education, consultation, and research. The League has a headquarters office and six regional offices.

Prior to , the League concentrated on adoption, foster care, kinship care, and child protective services. In , a new President/CEO was hired with the mandate to expand the areas of service beyond the League's traditional core areas of child welfare. This expansion was to be funded by grants, profits from investment account gains, and profits from its consultation practice, mostly from government funding. A number of divisions were added to the League from through .

At the same time that the League's expansion was taking place, the events of September 11, 2001, occurred. The downturn in the stock market adversely affected the League's investment fund returns. Furthermore, as a result of the economic recession, government funding was cut as state and local governments needed to cut costs. A number of consultation contracts were cancelled prior to completion. The drop in revenues could not support the new initiatives that the League had started from through . In fact, the new revenue stream would not have supported the League at its pre-expansion level. The League incurred significant losses for the fiscal years ending in through .

Starting with the fiscal year ending in , the League took a number of steps to cut expenses. These steps included:

- (1) the adoption of new accounting software;
- (2) changes to staffing in the consultation division from fulltime staff to independent consultants used on an as-needed basis;
- (3) layoffs;
- (4) a number of initiatives to reduce operating expenditures;
- (5) reductions in pay during the fiscal years ending in and ;
- (6) reducing accruals to the Plan effective January 1, , and the cessation of benefit accruals effective November 18, ; and
- (7) the consolidation of headquarters offices from 3 locations to one location during the fiscal year ending .

Furthermore, the League is now in the process of moving its headquarters to new office space in late 2006 to further reduce expenses.

The league has obviously suffered a substantial business hardship based on the financial information submitted with the request. There are signs that the hardship is temporary. The steps taken by the League to cut expenses resulted in a small surplus for the fiscal year ending in , and the League continued to report a surplus as of May 31, . However, the cumulative effects of losses from through , and an increase in pension expenses resulting from the poor investment returns in Plan assets, make it impossible for the League to fund the Plan for the plan year ending December 31, , and the League's authorized representative has indicated that the it is unlikely that the League will be able to meet the minimum funding standard for the Plan for the plan year ending December 31, .

The Plan's enrolled actuary has provided funding standard account projections that show the Plan would be fully funded after the plan year if the waiver is granted, and would be fully funded after the plan year if waivers are granted for both the and plan years. The League has also indicated that it expects to be able to meet the Plan's minimum funding standard for the and plan years if both waivers are granted. Hence, the waiver of the minimum funding standard for the plan year ending December 31, , has been granted, subject to the condition set forth above.

Your attention is called to section 412(f) of the Code and section 304(b) of ERISA which describe the consequences that would result in the event the plan is amended to increase benefits, change the rate in the accrual of benefits or to change the rate of vesting, while any portion of the waived funding deficiency remains unamortized. Please note that any amendment to a profit sharing plan or any other retirement plans (covering employees covered by this plan) maintained by the Company, to increase the liabilities of those plans would be considered an amendment for purposes of section 412(f) of the Code and section 304(b) of ERISA. Similarly, the establishment of a new profit sharing plan or any other retirement plan by the Company (covering employees covered by this plan) would be considered an amendment for purposes of section 412(f) of the Code and section 304(b) of ERISA.

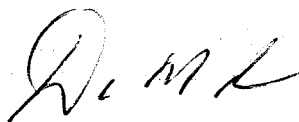
This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

When filing Form 5500 for the plan year ending December 31, 2005, the date of this letter should be entered on Schedule B (Actuarial Information). For this reason, we suggest that you furnish a copy of this letter to the enrolled actuary who is responsible for the completion of the Schedule B.

We have sent a copy of this letter to the Manager, EP Classification in , to the Manager, EP Compliance Unit in , and to your authorized representative pursuant to a power of attorney on file in this office.

If you require further assistance in this matter, please contact

Sincerely yours,



Donna M. Prestia
Manager, Actuarial Group 2